

# **EXHIBIT C**

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA  
AT CHARLESTON

5 JESSICA A. STOLER,

6 Plaintiff,

7 v. CIVIL ACTION NO. 2:18-cv-0988

**8 PENNYMAC LOAN SERVICES, LLC,**

9 Defendant.

15 The deposition of KAREN SCOTT, taken upon oral  
16 examination, pursuant to notice and pursuant to the  
17 Federal Rules of Civil Procedure, before Lisa M. Short,  
18 Certified Court Reporter and Notary Public in and for  
the State of West Virginia, Monday, August 5, 2019, at  
1:31 p.m., at the offices of Goodwin & Goodwin, 300  
Summers Street, Charleston, West Virginia.

**JOHNNY JACKSON & ASSOCIATES, INC.**

606 Virginia Street, East  
Charleston, WV 25301

(304) 346-8340

1 **APPEARANCES**

2 On behalf of Jessica Stoler:

3 MOUNTAIN STATE JUSTICE  
4 Bren Pomponio, Esquire  
1217 Quarrier Street  
Charleston, WV 25301  
5 (304) 344-3144

6 On behalf of PennyMac Loan Services, LLC:

7 GOODWIN & GOODWIN, LLP  
8 Carrie Fenwick, Esquire  
300 Summers Street, Suite 1500  
Charleston, WV 25328  
9 (304) 346-7000

10 BLANK ROME, LLP  
11 Frank Crowley, Esquire  
One Logan Square  
12 130 N. 18th Street, 3rd Floor  
Philadelphia, PA 19103  
crowley@blankrome.com  
13 (215) 569-5627

14

15

16

17

18

19

20

21

22

23

24

## **EXAMINATION INDEX**

<b>KAREN SCOTT</b>	<b>Page</b>
BY MR. POMPONIO	4
BY MR. CROWLEY	38
BY MR. POMPONIO	41

## **EXHIBIT INDEX**

<u>Exhibit</u>		<u>Page</u>
1	Servicing Notes	12
2	Corporate Advance History	15
3	Correspondence Sent December 21st, 2017	19

1 KAREN SCOTT, DEONENT, SWORN

## **EXAMINATION**

3 | BY MR. POMPONIO:

4 Q. Good afternoon. My name is Bren Pomponio, and  
5 I represent Jessica Stoler in a case that was filed in  
6 the, it's now pending in the Southern District of West  
7 Virginia Federal Court, Stoler versus PennyMac Loan  
8 Services, Civil Action 2:18-cv-00988.

9                   Would you please state your name for the  
10                  record?

11 A. Karen Scott.

12 Q. Is that with a K?

13 A. Yes, it is.

14 Q. And, Ms. Scott, have you had your deposition  
15 taken before?

16 A. Yes.

17 Q. So I will skip the formalities at the  
18 beginning, ground rules. I will assume that you  
19 understand those.

22 A. No.

## Q. Where do you live?

24 A. I personally live in Seminole, Florida.

1 Q. And where do you work?

2 A. PennyMac Loan Services.

3 Q. And what's your job title?

4 A. Supervisor foreclosure operations.

5 Q. How long have you been in that position?

6 A. A little over five years.

7 Q. And did you have a different position five  
8 years before with PennyMac?

9 A. No, I've been with PennyMac a little over five  
10 years.

11 Q. And what did you do before that?

12 A. Before that, I worked for a law office for a  
13 period of time.

14 Q. What law office is that?

15 A. Ronald R. Wolfe & Associates.

16 Q. How do you spell Wolfe?

17 A. W-o-l-f-e.

18 Q. And where was that office located?

19 A. Tampa, Florida.

20 Q. And what was the time period in which you  
21 worked for Wolfe & Associates?

22 A. I worked for them a little over a year. Their  
23 office is closed now.

24 Q. Okay.

1           A. They merged with another firm.

2           Q. And so is that 2013-2014?

3           A. 2013 to 2014.

4           Q. And what did you do before that?

5           A. Before that?

6           Q. Yes, ma'am.

7           A. I was a contractor. I worked in the Bank of  
8 America shops. I was a contractor for the independent  
9 foreclosure review that the eight largest banks in the  
10 country had to undergo. I was actually a contractor for  
11 Bank of America, so I was not employed directly for  
12 them.

13           Q. And how long did you do that?

14           A. The project lasted a little less than a year.

15           Q. Okay.

16           A. For Bank of America. The project, the  
17 nationwide project lasted longer than that, but Bank of  
18 America settled.

19           Q. What's your education background?

20           A. Some college.

21           Q. Where at?

22           A. St. Pete College in Florida.

23           Q. And what type of classes did you take there?

24           A. Mostly real estate law.

1 Q. And are you from the Tampa/St. Pete area  
2 originally?

3 A. No, I am from Western Pennsylvania originally.

4 Q. Where in Western Pennsylvania?

5 A. North of Pittsburgh.

6 Q. What's the town?

7 A. Zelienople.

8 Q. Zelienople.

9 A. But that was many, many, many, many years ago.

10 Q. And before you worked for Bank of America, the  
11 contracting for the foreclosure review for Bank of  
12 America, what did you do?

13 A. I was also still in mortgage default, Quantum  
14 Servicing in Tampa, Florida.

15 Q. How long did you do that?

16 A. Two and a half years.

17 Q. When did you first get into mortgage?

18 A. That might be the easier question. 1982.

19 Q. And who was that with?

20 A. Oh, my goodness. Fortune. They're no longer  
21 in business, Fortune Mortgage.

22 Q. Have you seen the deposition notice that was  
23 filed for which you're appearing today?

24 A. Yes, I did.

1           Q. And do you believe that you're a person with  
2 sufficient knowledge to address the issues that were  
3 identified in that deposition notice?

4           A. I do.

5           Q. Okay.

6           MR. CROWLEY: The only issue, this witness is  
7 not being produced with regard to the financial status,  
8 with that objection.

9           Q. Why don't you tell me what your job duties are  
10 as supervisor of foreclosure operations.

11          A. I review loans that are in default. I review  
12 them for accuracy in policy and procedures, make  
13 recommendations for moving forward or not moving  
14 forward. I appear in depositions, trials, hearings,  
15 mediations regarding those defaulted loans.

16          Q. And where is the PennyMac, where is your  
17 office with PennyMac?

18          A. The main office is in California. The office  
19 that I work out of when I'm not traveling is in Tampa,  
20 Florida.

21          Q. Where do you live?

22          A. In Seminole, Florida.

23          Q. That's right, Seminole. Okay. How far is  
24 that from Tampa?

1           A.    Like 27 miles door-to-door.

2           Q.    Is it to the north?

3           A.    It is toward the northeast.  Are you familiar  
4 with Florida?

5           Q.    I am.  I'm actually going to be in Tampa  
6 Sunday.

7           A.    I am between St. Petersburg and Clearwater.

8           Q.    Okay.

9           A.    On the Gulf Coast side.

10          Q.    All right.  So you're a supervisor of  
11 foreclosure operations.  Are you one of several  
12 supervisors, or are you the only supervisor?

13          A.    One of several supervisors.

14          Q.    And is that foreclosure operations team or  
15 division, is it all located there in the Tampa office?

16          A.    No, it is not.

17          Q.    So it's several offices around the country?

18          A.    There are several offices around the country.  
19 The appearance team who does what I do, we are all in  
20 Florida, we are not all in Tampa.

21          Q.    About how many people are in the appearance  
22 team?

23          A.    Three are the main appearance team.  We can  
24 call upon others as needed.

1           Q. And is that, that name, does that come from  
2 the fact that part of your job duties are appearing in  
3 litigation?

4           A. Correct.

5           Q. Do you have a guess, approximation of how many  
6 depositions you've attended in this position?

7           A. A couple dozen.

8           Q. Do you directly supervise the division as part  
9 of your job description?

10          A. I do not.

11          Q. All right. What did you do to prepare for  
12 this deposition?

13           MR. CROWLEY: I instruct you not to disclose  
14 any communication we've had. You can disclose that they  
15 took place, not the communications.

16          A. I did review the loan, all the communications,  
17 the notes, the payment histories, the collateral file,  
18 which is the original note, the mortgage, title, policy,  
19 that type of things, all business records that we have  
20 imaged and all system, system records.

21          Q. As part of your, I'm jumping back here, but  
22 part of your job duties when you worked for the  
23 contractor that did foreclosure review for Bank of  
24 America, did you review foreclosure practices of Bank of

1 America's relating to Rural Housing Service guaranteed  
2 loans?

3 A. I couldn't tell you for sure if any of them  
4 were Rural Housing, but they were all of Bank of  
5 America's foreclosures. It was part of the independent  
6 foreclosure review --

7 Q. Yeah.

8 A. -- if you knew what that was about. I  
9 couldn't tell you for sure.

10 Q. And you understand that Ms. Stoler's loan is  
11 guaranteed by the U.S. Department of Agriculture Rural  
12 Housing Service?

13 A. Yes.

14 Q. And you're familiar with the loss mitigation  
15 and foreclosure policies that are attended to that type  
16 of loan, guaranteed loan?

17 A. Yes.

18 Q. Did you participate in the preparation of the  
19 document production and discovery responses in this  
20 case?

21 A. Personally, I did not.

22 Q. Generally speaking -- well, actually, let's  
23 just talk specifically about this case. In Ms. Stoler's  
24 case, how many employees of PennyMac will be involved in

1 the litigation in addition to yourself?

2 MR. CROWLEY: Object to the form. You can  
3 answer.

4 A. How many, I couldn't say how many would  
5 actually be involved.

6 Q. Okay. All right.

7 (Deposition Exhibit No. 1 marked for  
8 identification.)

9 Q. I'm handing you what's been marked as  
10 Deposition Exhibit No. 1. Could you identify this  
11 document, please?

12 A. This appears to be our servicing notes.

13 Q. And it indicates that on the front page that  
14 this is the communication notes up through January 31st,  
15 2018; is that correct?

16 A. That's what it shows, yes.

17 Q. Is there maintained by PennyMac a  
18 communication notes history that would include any  
19 communication notes from January 31st, 2018, to the  
20 present?

21 A. There are notes that show everything from when  
22 we took on the servicing through today.

23 Q. And have you reviewed those communication  
24 notes, specifically those that exist, if any, between

1       January 31st, 2018, and up to today?

2       A.     Yes.

3                    MR. POMPONIO: Are those something that is  
4                    going to be produced or ...?

5                    MR. CROWLEY: I'll have to review them. I  
6                    thought they had been produced. Obviously, if you're  
7                    saying they're not, I'll take your word for it.

8                    MR. POMPONIO: I just didn't see them. I  
9                    suppose they could have --

10          BY MR. POMPONIO:

11          Q.     Did you review the document production prior  
12                    to the deposition today?

13          A.     Are you referring to the 2,000 page --

14          Q.     The 1583.

15          A.     Yes.

16          Q.     Do you recall whether or not you saw any of  
17                    the communication notes from January 31st up to -- the  
18                    document production was in April, so I would imagine it  
19                    would be --

20          A.     I do not recall seeing any.

21          MR. CROWLEY: I'll confirm on that and follow-  
22                    up with you on that.

23          MR. POMPONIO: Okay. And I probably -- it  
24                    probably won't be necessary to come back and ask any

1       questions about that, but that's some important  
2       information that we need for the contacts --

3                    MR. CROWLEY: I understand. Let me get that  
4       to you. You know, as I said, I'll confirm whether they  
5       were in the package or not, and if not, I'll get them to  
6       you and we can discuss whether there's any need to do  
7       anything at that point.

8                    MR. POMPONIO: Okay.

9       BY MR. POMPONIO:

10          Q. With respect to Deposition Exhibit No. 1, is  
11       this document intended to contain all notes of  
12       communications with a borrower?

13          A. Could you repeat that?

14          Q. Is this Deposition Exhibit 1 intended to  
15       contain all notes of all communications that PennyMac  
16       has with the borrower?

17          A. Yes.

18          Q. And it includes both written communications,  
19       notes of written communications and telephone?

20          A. This does not indicate every written  
21       communication.

22          Q. How do they decide what written communications  
23       are referenced in this document and which written  
24       communications are not?

1       A. This is servicing notes. It is not a letter  
2 log. Basically, I mean, they are two different  
3 documents. The letters are not necessarily indicated in  
4 here unless somebody specifically enters that.

5       Q. And is there any way to discern from this  
6 Deposition Exhibit No. 1 who the individual is, employee  
7 of PennyMac I presume, that would be entering this  
8 information into the history?

9       A. On this document, it does not indicate. On  
10 the servicing notes, it does indicate the department,  
11 the date, who put it -- and who put it out there.

12       Q. But when you were reviewing that document  
13 production, do you recall seeing that, the servicing  
14 notes in there?

15       A. I do not.

16                    MR. POMPONIO: Let's check on that as well --

17                    MR. CROWLEY: Yes.

18                    MR. POMPONIO: -- please.

19                    MR. CROWLEY: Uh-huh.

20 BY MR. POMPONIO:

21       Q. All right. You can set that aside.

22                    (Deposition Exhibit No. 2 marked for  
23                    identification.)

24       Q. I'm handing you what's been marked as

1 Deposition Exhibit No. 2. Could you identify this,  
2 please?

3 A. These three pages are a corporate advance  
4 history.

5 Q. Could you explain what a corporate advance  
6 history is?

7 A. A corporate advance is any advances that are  
8 done on a particular loan that are not escrow  
9 disbursements.

10 Q. And it appears to me from this exhibit that  
11 all of the corporate advances that are listed here are  
12 property inspection fees to Safeguard; is that correct?

13 A. That is correct.

14 Q. If you turn to the second page. The second  
15 entry in this log has a transaction amount minus \$36.  
16 What is that supposed to represent?

17 A. That would represent funds coming in. The  
18 transaction code on the immediate left-hand side shows  
19 745, so that tells me that is funds coming in or a  
20 credit being made.

21 Q. And so where would those funds come from,  
22 would they come from the borrower payments?

23 A. You would need to refer to the payment history  
24 in order to find out if it was part of a payment coming

1 in or how those funds came to be.

2 Q. And do you know under what circumstances  
3 Ms. Stoler would be required to pay these corporate  
4 advances that are listed on Deposition Exhibit 2?

5 A. On what circumstances?

6 Q. Under what circumstances, right.

7 A. I'm not sure I know what you mean.

8 Q. Do you know how it would come to be that  
9 Ms. Stoler would have to pay these charges that are  
10 listed on this exhibit?

11 A. I'm still not clear.

12 MR. CROWLEY: Are you asking why they were  
13 charged to the account?

14 Q. I'm asking if she paid them and under, and how  
15 would that, how would they be collected from her, that  
16 kind of thing.

17 A. They would be included in a payoff. These are  
18 property inspections that, as per the mortgage, that we  
19 are permitted to charge and to actually make a physical  
20 inspection, and it also is an investor requirement that,  
21 once a loan is in default, that a monthly property  
22 inspection be completed.

23 Q. Does PennyMac maintain those invoices from  
24 Safeguard wherein these charges appear?

1           A. Yes.

2           Q. So your testimony is that these charges are  
3 recoverable from Ms. Stoler; correct?

4           A. Correct.

5           Q. And do you know, having reviewed this file,  
6 whether she, in fact, paid some of these charges?

7           A. Without actually reviewing the history on the  
8 particular dates that you pointed out, I cannot tell  
9 where those funds came from. So, you know, without  
10 looking at the payment history, I couldn't tell you.

11          Q. But you did review the payment history prior  
12 to this --

13          A. Yes.

14          Q. -- correct? But you just, you don't recall --

15          A. Well, I didn't zoom in on that date.

16          Q. Right, right. Are these charges recoverable  
17 from the investor, as well?

18          A. It certainly would depend on the circumstances  
19 and disposition of this loan.

20          Q. So in certain circumstances they would be;  
21 correct?

22          A. Correct.

23          Q. Do you know whether PennyMac has sought to  
24 recover any advances or reimbursement or anything with

1 respect to Ms. Stoler's loan from the investor?

2 A. Any such claim or request for advances would  
3 take place after the disposition of this loan. Right  
4 now it's still an active loan, so there wouldn't have  
5 been.

6 (Deposition Exhibit No. 3 marked for  
7 identification.)

8 Q. Okay. All right. I'll hand you what's been  
9 marked as Deposition Exhibit No. 3. Can you identify  
10 this document, please?

11 A. This is correspondence sent December 21st,  
12 2017, discussing that the borrower had contacted our  
13 office to start a loss mitigation or a modification  
14 application.

15 Q. And it invites Ms. Stoler to provide certain  
16 information so that the application may be reviewed; is  
17 that correct?

18 A. That is correct.

19 Q. And that information is included in sort of  
20 the center of the page there, those bullet points?

21 A. That's correct.

22 Q. And is it your understanding that the forms  
23 that are necessary for Ms. Stoler to provide the  
24 information that PennyMac requests are included in this

1     packet? I mean, I don't have -- the exhibit doesn't  
2     have it, but generally speaking, would those enclosures  
3     come with this letter?

4             A. Generally speaking, yes.

5             Q. And at the top right, it says that Ms. Stoler  
6     is directed to respond to this by January 20th, 2018; is  
7     that correct?

8             A. That's correct.

9             Q. Where does that time frame come from, that  
10    deadline to respond to this sort of welcome letter, is  
11    that what you call, would call this, or what would you  
12    call this letter?

13            A. Loss mitigation letter. And the time, the  
14    date would have come from 30 days out. Thirty days  
15    would have been given.

16            Q. Now, you're familiar with the Rural Housing  
17    Service loss mitigation foreclosure policies; correct?

18            A. Correct.

19            Q. And is it your understanding that there's a  
20    policy that a loan modification, loss mitigation request  
21    cannot be reviewed by PennyMac if it's less than 37 days  
22    prior to the foreclosure sale date?

23            A. That is correct.

24            Q. And what is the date that a loss mitigation

1 request is considered made by a borrower? You know,  
2 what is -- you know, this loss mitigation letter is  
3 referencing a previous telephone communication, right,  
4 in which Ms. Stoler has requested loss mitigation; is  
5 that right?

6 A. That's what it appears, yes.

7 Q. And so she called in sometime prior to  
8 December 21st requesting loss mitigation assistance.  
9 What I'm trying to figure out is when is that -- with  
10 respect to that 37 days, when did they consider the  
11 request having been made? Do you follow me?

12 A. I don't.

13 Q. You can't review loss mitigation requests  
14 prior, 37 days or less prior to the sale. What is  
15 considered the request for loss mitigation?

16 A. In this particular case, the borrower called  
17 in and indicated that she would like to explore her  
18 options as far as loss mitigation, or loan modification.  
19 That was December -- prior to December 21st, we  
20 acknowledged with a letter. It does state below here  
21 that, you know, the -- it does discuss the 37 days prior  
22 to the scheduled sale date. At this point when this  
23 letter was originated, there was no sale date yet.

24 Q. So back to my question, which I'm not asking

1 very artfully, but is it the completed application that  
2 they can't review, you know, after the 37-days deadline?  
3 Is that what --

4 I mean, what I'm getting at here is sometime  
5 in December, before December 21st, she called and made a  
6 request, then PennyMac sent out this loss mitigation  
7 letter. This is all prior to the foreclosure sale. And  
8 so is it not the case that her loss mitigation request  
9 came in prior to that 37 days?

10 MR. CROWLEY: Objection to form. You may  
11 answer.

12 A. Well, again, in this particular case, the sale  
13 had, was not out there, so there wouldn't have been any  
14 flags on that date that said that we couldn't follow-up  
15 for the additional information that is needed in order  
16 to obtain a complete package. And then once we receive  
17 the complete package, then it needs to be reviewed from  
18 that point.

19 Q. You are aware, are you not, that Ms. Stoler  
20 filed an application pursuant to this letter in January  
21 8th, I think, was the date, and that was ultimately  
22 denied because it was, the request was made within 37  
23 days of the sale?

24 A. Are you talking about January 2018?

1 Q. That's correct.

2 A. Yes, I am aware of that correspondence.

3 Q. And so I'm trying to understand, was the  
4 request not made actually prior to the 37 days or do  
5 they not consider it a request until they have a  
6 completed application?

7 A. Once -- if even if the borrower were to  
8 request the paperwork to start the loan modification  
9 request or the package, even if she had requested it  
10 prior and then sent the information in, it would have  
11 been within the 37 days at that point.

12 This one in particular, this December 21st, we  
13 didn't know there was a foreclosure sale set, so at that  
14 point we were thinking we were going to have the time to  
15 gather all the information, review it, and make a  
16 decision. But it turns out that the sale was set and,  
17 therefore, this could not happen.

18 Q. Is there any policy in the RHS procedure  
19 manual, guidance, whatever, that speaks to setting a  
20 foreclosure sale after a request has been made for loss  
21 mitigation?

22 A. I thought he was going to speak.

23 The guidelines state that once there is a  
24 completed package, that's when there would be a

1 decision. The waterfall would be completed, the  
2 decision would be made. The policy states that if we  
3 have all the documents in prior, that we could certainly  
4 look at it if it wasn't within that 37 days. Is that  
5 what you're asking me?

6 Q. No, I'm asking you --

7 A. Okay.

8 Q. -- is there any policy relating to whether or  
9 not PennyMac should set a foreclosure sale after a  
10 request for loss mitigation is received?

11 A. No. The guidelines state that the loss  
12 mitigation, the foreclosure sale date will continue and  
13 the foreclosure process continues. Unless we have a  
14 completed package and it's been reviewed and it has been  
15 determined that we're going to modify, then everything  
16 is put on hold. But if there's not a completed package  
17 and a review that states that the borrower qualifies,  
18 there would be no reason to stop the foreclosure process  
19 at that point.

20 Q. So your testimony is, is that the RHS loss  
21 mitigation policies provide that you dual track while  
22 there's a loss mitigation review and the foreclosure's  
23 only stopped when, when the borrower's approved for?

24 MR. CROWLEY: Objection, that's not what was

1 said.

2 A. No, when a complete package is in and is  
3 reviewed and determined that there is --

4 Q. So that's --

5 A. -- a possibility.

6 Q. So my characterization is correct?

7 A. Could you repeat your characterization then?

8 Q. It's the RHS policy that, that the loss  
9 mitigation and the foreclosure dual track until such  
10 time as a borrower is approved for some loss mitigation?

11 A. When a complete package is in.

12 Q. Okay. All right. Are you generally familiar  
13 with sort of the history of Ms. Stoler's account?

14 A. I am.

15 Q. And is it fair to say that, that she had some,  
16 well, that she was married when she first entered into  
17 this loan, is that your understanding?

18 A. It was.

19 Q. And she was subsequently divorced during the  
20 time that PennyMac was servicing this loan. And  
21 Ms. Stoler initially, in 2016, made a request for loss  
22 mitigation in which she referenced a change in income  
23 due to her divorce; is that correct?

24 A. Yes.

1           Q. And was it your understanding that that, that  
2 request was denied?

3           A. Yes.

4           Q. And what was the reason why that request was  
5 denied?

6           A. Without having that correspondence in front of  
7 me --

8           Q. It doesn't matter. If you don't recall --  
9 it's just background. It's not -- I'm not -- that's not  
10 a big part of what I'm trying to figure out.

11           And so after that, after that denial, she had  
12 some different changes in her income unrelated to the  
13 divorce, is that your understanding?

14           A. It is.

15           Q. And so she was ultimately approved for a  
16 forbearance attended to her unemployment; correct?

17           A. Correct.

18           Q. Now, what's your understanding of the purpose  
19 of a forbearance?

20           A. This particular forbearance was to help with  
21 the payments during the unemployment, during the time  
22 that she is unemployed, and then she is to keep in  
23 touch, let us know when she does obtain employment, and  
24 then, you know, things could be reevaluated to see, you

1 know, what else can be done.

2 Q. And so the term "forbearance" means that  
3 PennyMac is going to not foreclose, forbear from  
4 enforcing, accelerating, and foreclosing during that  
5 period; correct?

6 A. Correct.

7 Q. And the reason that that program is selected  
8 is because Ms. Stoler didn't have the income to make her  
9 payments; is that correct?

10 A. Correct.

11 Q. Now, are there different terms to forbearance  
12 agreements in a RHS guaranteed loan program?

13 A. There are a couple of different terms.

14 Q. What are those different terms?

15 A. Payment plan, forbearance plan.

16 Q. I'm sorry.

17 A. Okay.

18 Q. What I meant was, in terms of duration, length  
19 of the forbearance, are there different -- Ms. Stoler  
20 got six months. Is there a year, is there three months,  
21 is there different lengths of forbearance?

22 A. There are different lengths. There are  
23 shorter lengths of period of time. It is determined on  
24 the need. That was why it was important to stay in

1 contact, to let us know when she obtained employment.

2 Q. And does PennyMac generally communicate to  
3 their borrowers that they should communicate, you know,  
4 contact PennyMac when they have found employment? Is  
5 that something that's made, a point that's important?

6 A. Yes.

7 Q. And when PennyMac offered the forbearance to  
8 Ms. Stoler, they obviously understood that she was  
9 receiving unemployment income; correct?

10 A. Yes, yes.

11 Q. And is the payment amount that, that was  
12 provided in that agreement based on her unemployment  
13 income?

14 A. It was based on many factors. Again, there is  
15 a forbearance waterfall. Rural Housing has a specific  
16 waterfall that is to be adhered to.

17 Q. What other factors, in addition to the income,  
18 go into, expenses, household expenses, stuff like that?

19 A. Yes.

20 Q. With respect to the duration of the  
21 forbearance -- in this case, in Ms. Stoler's case it was  
22 six months -- what factors go into how PennyMac decides  
23 what the length of that forbearance ought to be?

24 A. Again, it is based on RHS and their waterfall

1 and their recommendations, so it is their decision on  
2 the duration.

3 Q. So tell me a little bit more about that. When  
4 a borrower -- well, when PennyMac receives a completed  
5 application for loss mitigation, the ultimate -- well,  
6 who makes the decision on what, or if any, loss  
7 mitigation that borrower is approved for, who makes that  
8 decision? And in this case, Ms. Stoler got a  
9 forbearance agreement. Who made that decision that this  
10 is the forbearance agreement that she's approved for?

11 A. That would be the Rural Housing and their  
12 specifications.

13 Q. So there's an employee of Rural Housing  
14 Service that approves these?

15 A. No, PennyMac is the servicer, but they adhere  
16 to all the investor guidelines and RHS guidelines.

17 Q. So the decision's made by PennyMac based on  
18 guidelines promulgated by Rural Housing Service?

19 A. Yes.

20 Q. And do you have a computer program or  
21 something to plug all this information in and then it  
22 gives you the alternatives that the borrower is eligible  
23 for?

24 A. Yes, that's the waterfall that we're

1 discussing.

2 Q. And that waterfall, what is the --  
3 logically speaking, is it some software that is on  
4 the computer that the PennyMac employee accesses? How  
5 do they ...?

6 A. That would be it.

7 Q. Do you know the name of that software program?

8 A. I do not.

9 Q. Have you ever interfaced with that, entered  
10 information?

11 A. Not for PennyMac, no.

12 Q. For anybody?

13 A. Yes.

14 Q. And this would be the Rural Housing Service?

15 A. Not necessarily.

16 Q. Now, is the Rural Housing Service waterfall  
17 proprietary to Rural Housing Service, is that a special  
18 software that you use?

19 MR. CROWLEY: Objection to form. You can  
20 answer.

21 A. Are you asking if it is a particular software  
22 that is only for Rural Housing?

23 Q. Correct.

24 A. No.

1       Q.    Okay.  All right.  Now, in this case the  
2 forbearance was approved for six months.  That was what  
3 the length of it was; correct?

4       A.    Correct.

5       Q.    And was there any consideration in that length  
6 of forbearance, the time in which Ms. Stoler was  
7 expected to continue to receive unemployment benefits?

8       A.    Could you rephrase that?

9       Q.    Did PennyMac consider in setting up this  
10 forbearance agreement the fact that Ms. Stoler's  
11 unemployment benefits would end four months into the  
12 forbearance agreement?

13      A.    I couldn't answer that.

14      Q.    Do you know whether or not the length of time  
15 that a borrower is anticipating receiving unemployment  
16 benefits factors into the forbearance agreements, those  
17 at least forbearance that are due to unemployment  
18 agreements, at all?

19      A.    I'm not sure what you're asking in particular.  
20 Could you be more specific?

21      Q.    Does the waterfall take into consideration how  
22 long the borrower is going to receive unemployment  
23 benefits?

24      A.    I couldn't answer that.

1 Q. How would this forbearance agreement have  
2 worked had Ms. Stoler been able to make all six  
3 payments? What would happen at the end of that period?

4           A. At the end of that period, it would have  
5 also — we would have had to know if she got a job, and  
6 that information would have to, then, be considered for  
7 a permanent modification if she qualified for such.

8 Q. So what's anticipated here in this instance of  
9 Ms. Stoler's forbearance agreement is, is that at the  
10 end of the forbearance period, assuming she made all the  
11 payments, she would be considered for a loan  
12 modification?

13 A. As long as she qualified.

14 Q. Right.

15 A. Yes.

16 Q. She'd be considered for it. I'm not saying  
17 that she would be entitled to it, but she would, that's  
18 what they contemplate.

19 A. Correct.

20 Q. And would you expect that that, that that  
21 process and that expectation would have been  
22 communicated to Ms. Stoler at the time that this was  
23 offered?

24 MR. CROWLEY: Are you asking if she knows

1 whether it was? I'm going to object to the form.

2 A. Is that what you're asking, if I knew?

3 Q. No, I'm asking you if that expectation that  
4 the -- whether it by practice and policy at PennyMac, is  
5 that information communicated to the borrower, in this  
6 case Ms. Stoler?

7 A. Her options would have been, yes, would have  
8 been disclosed.

9 Q. I'm going to hand you a copy of what was  
10 marked Deposition Exhibit No. 6 in Ms. Stoler's  
11 deposition this morning. And this is the  
12 memorialization of the forbearance agreement for which  
13 she was qualified, approved; correct?

14 A. It is a letter outlining the forbearance time  
15 frames.

16 Q. And at the bottom of the -- towards the bottom  
17 there's a box. There's two boxes. The second to the  
18 last box, it states in there about what the expectations  
19 are at the conclusion of the forbearance agreement; is  
20 that correct?

21 A. It does.

22 Q. It doesn't say anything about a loan  
23 modification application or anything like that, does it?

24 A. It does not.

1       Q.   Would it be the case that, if Ms. Stoler had  
2 completed this, all the payments in this forbearance  
3 agreement, that at the conclusion of it in January 2018  
4 she would resume making her regular monthly payment?

5       A.   That's what is stated here, yes.

6       Q.   But is that, indeed, what is expected to  
7 happen?

8       A.   This is a forbearance plan. The forbearance  
9 plan is not based on any loss mitigation package that  
10 would have been sent in. The forbearance plan is based  
11 solely on the hardship and the unemployment. So there  
12 wasn't a package completed in order to have been given  
13 the forbearance. Does that make sense?

14      Q.   Do you recall, having reviewed the documents  
15 in preparation for this deposition, that Ms. Stoler sent  
16 in a loss mitigation packet in June of 2017 in which she  
17 was requesting a loan modification and she got the  
18 forbearance agreement, correct, isn't that your  
19 recollection of the events?

20      A.   My recollection is that the mod was denied,  
21 and I do not recall the reason. This forbearance plan  
22 is based on the -- it's not based on a loan modification  
23 package that was approved. It is based on the  
24 unemployment and the, you know, the fact that at the end

1 of this she would resume her normal payments or she  
2 could, at her option, if she qualified, send in a  
3 package, and if she qualified, it could have been  
4 modified.

5 Q. So if she had made -- I just want to  
6 understand this. If she had made all six of these  
7 payments timely, then starting in January her loan would  
8 be current and she would just start making payments?

9 A. She wasn't making full payments here.

10 Q. Correct.

11 A. These were only partial payments.

12 Q. And she had an arrearage, as well; correct?

13 A. Correct.

14 Q. So would she have, in January, started making  
15 her regular monthly payments?

16 A. If she was able to.

17 Q. So would the loan have been brought current at  
18 that time or what -- I don't understand what happens  
19 there. It seems to me like that disclosure is  
20 applicable to a forbearance agreement that is more like  
21 a repayment plan in which the arrearage would be cured  
22 at the conclusion of the forbearance agreement. Isn't  
23 that -- is that your understanding?

24 A. Well, that is not what's stated here at all.

1       Q.    In your experience as a supervisor of  
2 foreclosure operations, are you familiar with any case  
3 in which PennyMac offered a forbearance unemployment  
4 agreement that was, where the payment amount was not  
5 sufficient to cure the arrearage, it's not a repayment  
6 plan, and that at the conclusion of that they just  
7 brought the loan current and allowed the borrower to  
8 start making their monthly payments?

9       A.    That would be a different type of plan.  
10      That's not just forbearing for a period of six months  
11     until she has a job and then she can bring the loan  
12     current.

13      Q.    Okay.

14      A.    Which is what this appears to be, that it was  
15     a forbearance to help her get back on her feet, get her  
16     a -- once she obtains a position, a full-time paying  
17     position, then, of course, she could then, she always  
18     has the option to, you know, request a modification at  
19     that point. This is not that. This is clearly nothing  
20     more than forbearing while she is unemployed, because  
21     the payments, they were only half payments, they weren't  
22     even half of a payment there.

23      Q.    Right, right. Okay. Does PennyMac record  
24     their phone calls with borrowers?

1           A. Yes.

2           Q. And do they maintain those?

3           A. Yes.

4           Q. How long do they hold on to those, do you  
5 know?

6           A. I couldn't answer how long.

7           Q. Does RHS, the Rural Housing Service, ever  
8 conduct audits of PennyMac's servicing of RHS guaranteed  
9 loans?

10          A. Yes.

11          Q. Are you familiar with the last time they were,  
12 there was such an audit?

13          A. No, I'm not.

14          Q. Do you know what, what that type of audit  
15 would entail?

16           MR. CROWLEY: I'm going to object. This is  
17 beyond the scope the 30(b) (6). To the extent the  
18 witness testifies, she's testifying from personal  
19 knowledge, not as a designated ... But you may answer,  
20 if you can.

21          A. I don't know what their audit would entail.

22          Q. Do you know if PennyMac or the investor or  
23 anybody conducts sort of a foreclosure review similar to  
24 the type of foreclosure you did for the independent

1 foreclosure review of PennyMac's RHS guaranteed loans?

2 MR. CROWLEY: Same objection. You may answer.

3 A. I do know that reports, monthly reports would  
4 go to every one of the RHS or FHA or VA, that type of  
5 thing. There are monthly reports that are sent to them  
6 on each loan.

7 Q. Is that the extent of it, to your knowledge,  
8 of any foreclosure review of PennyMac RHS, servicing of  
9 RHS guaranteed loans?

10 A. For RHS reviewing them, yes, that's the only  
11 thing that I would know.

12 Q. Is there any reason why Ms. Stoler could not  
13 be considered for a, some loss mitigation or loan  
14 modification currently?

15 A. There's no reason why she couldn't, no.

16 Q. I think that's all I have.

17 MR. CROWLEY: I have just a couple follow-up.

18 EXAMINATION

19 BY MR. CROWLEY:

20 Q. With regard to the discussions about the RHS  
21 waterfall, the software package that you discussed, to  
22 your understanding, does that software package  
23 incorporate RHS requirements?

24 A. It is a program that does, yeah, incorporate

1       RHS requirements.

2           Q.    And is it, then, PennyMac's role to input the  
3       data provided by the borrower?

4           A.    That is correct.

5           Q.    And does the program then advise PennyMac as  
6       to what options the borrower's eligible for under the  
7       RHS program?

8           A.    It does. Inputting the information then  
9       creates the waterfall, which then tells you what the  
10       options are for that particular borrower with that  
11       particular income and so forth.

12          Q.    Under the RHS regulations, does PennyMac have  
13       the ability to change the decisions made by that  
14       waterfall?

15          A.    No.

16          Q.    With regard to the discussions earlier about  
17       complete packages and double tracking and stuff like  
18       that, at the time that this -- I forget -- which exhibit  
19       was this? This is the December 21st, 2017. Was that  
20       Exhibit 1?

21            MR. POMPONIO: 3.

22            MR. CROWLEY: Exhibit 3, okay.

23       BY MR. CROWLEY:

24          Q.    At the time that Exhibit 3 was issued on

1 December 21st, 2017, is it your understanding that all  
2 that occurred at that point was that there was a  
3 telephonic request for a loan mod?

4 A. Yes.

5 Q. Is the telephone, a telephonic request for a  
6 loan mod considered a complete application?

7 A. Oh, no.

8 Q. Is it considered an application?

9 A. It is not.

10 Q. When after the date of December 21st, 2017, is  
11 your understanding based on the records of when a  
12 complete application finally was submitted?

13 A. I don't recall seeing a complete application  
14 letter.

15 Q. Okay.

16 A. So I don't recall -- or I couldn't say if a  
17 complete package was even received.

18 Q. Well, let me rephrase it a different way,  
19 then.

20 A. Okay.

21 Q. Counsel earlier referred to an application  
22 that was sent or received on January 8th of 2018. Do  
23 you recall that?

24 A. Yes.

1 Q. Is it your understanding that that was the  
2 first time after this letter of December 21st, 2017,  
3 that PennyMac actually received a written application  
4 from Ms. Stoler, regardless of whether it was complete?

5 A. That's correct.

6 Q. Is it your understanding that it is the  
7 complete application that triggers the stop on any  
8 further foreclosure activity?

9 A. Yes.

Q. Okay. Thank you. I have nothing further.

## **EXAMINATION**

12 BY MR. POMPONIO:

13 Q. I just have a couple more questions. First is  
14 that last response you provided. My understanding was  
15 that you stated in earlier testimony that a foreclosure  
16 is not stopped upon receipt of a completed application  
17 but rather only if that application is approved for some  
18 sort of loss mitigation that would require the  
19 foreclosure to be taken off. Wasn't that your  
20 testimony?

21           A. The moving forward with a foreclosure, that  
22 part is stopped on a completed application. The  
23 foreclosure, setting a foreclosure sale, that part is  
24 stopped once they are approved.

1           Q. I don't understand. What is stopped upon  
2 receipt of a completed application?

3           A. A completed application, the foreclosure.

4           Q. When you say -- what do you mean?

5           A. A completed application, which means we've got  
6 everything in that we need in order to complete the  
7 waterfall so a determination can be made. We put the  
8 foreclosure on hold at that point. Now, if a sale is  
9 already set, then the foreclosure sale itself -- I mean,  
10 maybe that's what we, we differed on.

11          Q. So if a completed application is received and  
12 there is a foreclosure sale set, that stays until the  
13 borrower's approved; is that correct? What in the  
14 foreclosure is stopped?

15          A. See, it's all -- the timing here, that's why  
16 they don't accept it within the 37 days prior to  
17 foreclosure sale. Not just -- if it's just in general  
18 foreclosure and no sale has been set, a completed  
19 application, we would ask the foreclosure to be put on  
20 hold, okay? Not a closing bill, but a hold until we see  
21 what the outcome is. If there's already a sale set,  
22 that's when that 37 days, you know, kicks in.

23          Q. Are you familiar with the loss mitigation  
24 program referred to as partial claim?

1 A. Yes.

2 Q. Is a partial claim type of program available  
3 in a RHS guaranteed loan?

4 A. I would have to check on that. You're talking  
5 about a partial claim where RHS either forgives a  
6 portion of debt or in some cases create a note, a  
7 separate note for the arrearages so that they start out  
8 clean and fresh. Is that what you're referring to?

9           Q.    Right.  Basically take the arrearage and you  
10           either forgive all or some of it and the rest is put in  
11           a second note, deed of trust and --

12           A. I would have to check to see if RHS would  
13 offer that option.

14 Q. That's all I have.

15 MR. CROWLEY: Okay. I have nothing further.

16 (The deposition of KAREN SCOTT concluded  
17 at 2:40 p.m.)

18

19

20

21

23

28

2

1 STATE OF WEST VIRGINIA, To-wit:

2 I, Lisa M. Short, a Notary Public and  
3 Certified Court Reporter within and for the State  
4 aforesaid, duly commissioned and qualified, do hereby  
5 certify that the deposition of KAREN SCOTT was duly  
6 taken by me and before me at the time and place  
7 specified in the caption hereof.

8 I certify that the attached transcript meets  
9 the requirements set forth within Article 27, Chapter 47  
10 of the West Virginia code.

11 I do further certify that said proceedings  
12 were correctly taken by me in stenotype notes, that the  
13 same were accurately transcribed out in full and true  
14 record of the testimony given by said witness.

15 I further certify that I am neither attorney  
16 or counsel for, nor related to or employed by, any of  
17 the parties to the action in which these proceedings  
18 were had, and further I am not a relative or employee of  
19 any attorney or counsel employed by the parties hereto  
20 or financially interested in the action.

21 My commission expires the 8th day of September  
22 2023.

23 Given under my hand and seal this 7th day of August  
24 2019.

24 Lisa M. Short, CCR  
Notary Public